

In FY 2001, HHS had net outlays of \$426.4 billion, representing 22.9 percent of all net outlays. This represents an increase from \$382.6 billion (21.4 percent of net federal outlays) in FY 2000. Only the Social Security Administration (which became independent from HHS in 1995) exceeded HHS spending in FY 2001.

### Growth and the Balance Sheet

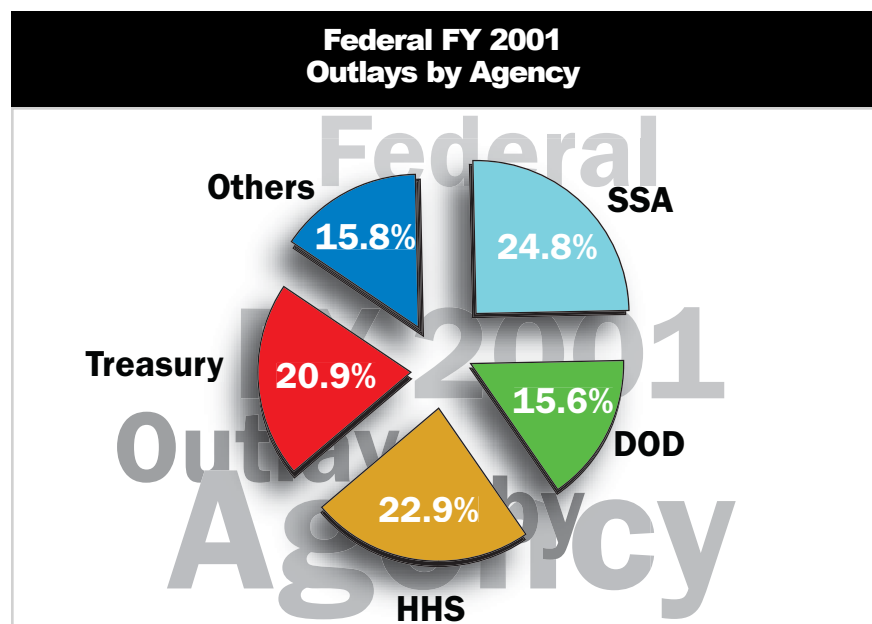
The portion of the federal budget allocated to HHS has grown significantly over the last three decades. The nature of the HHS entitlement programs is the reason for the growth in spending. We cannot limit the number of enrollees in our programs; every individual who meets the programs' criteria must be enrolled. Nine out of every ten HHS dollars are now spent on entitlements.

When the Medicare and Medicaid entitlement programs were

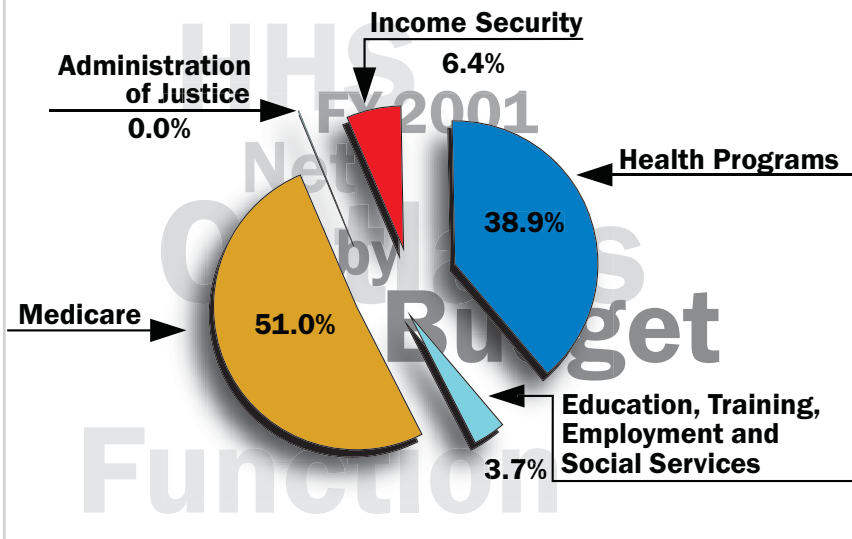
enacted in 1966, HHS net outlays accounted for only 4 percent of federal net outlays. As the ranks of the enrollees and beneficiaries of these entitlement programs has swelled along with the increasing costs of healthcare treatment, the impact on the federal budget has been quite significant. The net outlays for Medicare alone now account for 11.7 percent of the federal budget.

### Agencies and Allocations

HHS dollars are allocated to the HHS agencies across budget functions. The

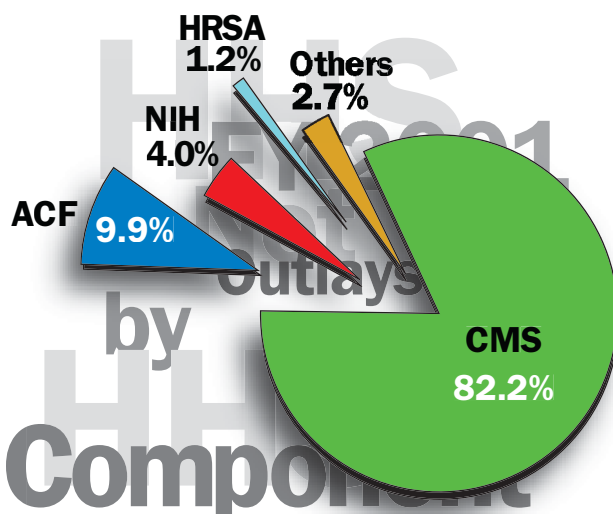


**HHS FY 2001 Net Outlays by Budget Function**



*We cannot limit the number of enrollees in our programs; every individual who meets the programs' criteria must be enrolled. Nine out of every ten HHS dollars are now spent on entitlements.*

**HHS FY 2001 Net Outlays by Component**



accompanying matrix chart of “HHS FY 2001 Net Outlays by Budget Function and HHS Agency” details this distribution and facilitates the identification of concentrations of outlays. The largest single budget function is Medicare (which has a category all its own), with \$217.4 billion in spending. The second largest functional category, at \$165.8 billion, is Health where most of the funds are spent by CMS (for Medicaid) and by NIH (for research). ACF has the bulk of responsibility for budget function dollars categorized as Education, Training, Employment and Social Services, and also for Income Security through the Temporary Assistance for Needy Families and Child Support Enforcement programs.

### Program Spending

Measured by program spending, CMS is by far the largest of the HHS agencies, followed by ACF, then NIH, HRSA, CDC, SAMHSA, and other HHS agencies. The relative portion of total HHS net outlays by component is illustrated in the accompanying pie chart.

Outlays by budget function are largely concentrated in the Medicare and Health (which includes Medicaid) budget functions.

### Readers' Note

Readers will note that the Statement of Net Cost allocates costs by HHS agency and by budget function. Costs reported will be concentrated in a similar fashion as the budget figures, noted above, for net outlays reported in this section of the Accountability Report.

*Source: Final Monthly Treasury Statement of Receipts and Outlays of the United States Government. (Treasury includes interest on debt.)*

## Appendix J - Highlights of HHS Budgetary Outlays

### U.S. Department of Health and Human Services

*Fiscal Year Ended September 30, 2001*

*(in millions)*

HHS Agency	FY2001	FY2001	FY2000	FY1999	FY1998	FY1997	FY1996	FY1995	FY1994	FY1993	FY 1992
Food and Drug Administration	\$1,073	0.3%	\$1,022	\$950	\$837	\$873	\$865	\$858	\$801	\$733	\$752
Health Resources and Services Administration	5,123	1.2%	4,312	3,860	3,473	3,526	3,960	2,612	2,695	2,467	2,333
Indian Health Service	2,553	0.6%	2,375	2,193	2,145	2,139	1,997	1,975	1,771	1,699	1,522
Centers for Disease Control and Prevention <sup>4</sup>	3,300	0.8%	2,530	2,428	2,409	2,248	2,166	1,785	1,570	1,410	1,198
National Institutes of Health	17,239	4.0%	15,405	13,802	12,486	11,171	10,209	10,875	10,148	9,532	8,374
Substance Abuse and Mental Health Services Administration	2,737	0.6%	2,499	2,214	2,235	1,622	2,084	2,444	2,371	2,667	N/A
Agency for Healthcare Research and Quality <sup>5</sup>	33	0.0%	51	79	77	110	81	133	111	84	113
Centers for Medicare and Medicaid Services <sup>6</sup>	350,382	82.2%	316,139	299,014	294,016	285,523	266,164	248,920	225,967	205,687	186,743
Administration for Children and Families	42,224	9.9%	36,505	33,624	31,584	31,023	31,023	31,993	31,354	27,545	26,703
Office of the Secretary	568	0.1%	768	377	233	206	195	275	221	223	165
Administration on Aging	952	0.2%	884	879	828	828	818	951	859	820	544
Program Support Center	260	0.1%	137	280	247	224	240	N/A	N/A	N/A	N/A
<b>HHS Subtotal</b>	<b>\$426,444</b>	<b>100.0%</b>	<b>\$382,627</b>	<b>\$359,700</b>	<b>\$350,570</b>	<b>\$339,493</b>	<b>\$319,802</b>	<b>\$302,821</b>	<b>\$277,868</b>	<b>\$252,867</b>	<b>\$228,447</b>
"Old" HHS agencies that no longer exist as separate agencies in HHS:											
OASH <sup>1</sup>								254	233	227	248
SSA <sup>2</sup>									346,617	328,028	307,819
ADAMHA <sup>3</sup>											2,865
<b>HHS Total</b>	<b>\$426,444</b>		<b>\$382,627</b>	<b>\$359,700</b>	<b>\$350,570</b>	<b>\$339,493</b>	<b>\$319,802</b>	<b>\$303,075</b>	<b>\$624,718</b>	<b>\$581,122</b>	<b>\$539,379</b>

<sup>1</sup> OASH accounts were merged into OS and PSC in FY 1996.

<sup>2</sup> SSA separated from HHS at end of FY 1994.

<sup>3</sup> Three components of ADAMHA were transferred to NIH and rest of ADAMHA became SAMHSA.

<sup>4</sup> Includes outlays for the Agency for Toxic Substances and Disease Registry (ATSDR) beginning in FY 2001 when direct appropriations were provided to HHS.

<sup>5</sup> Agency name changed from the Agency for Health Care Policy and Research pursuant to Public Law 106-129 enacted on 12/6/99.

<sup>6</sup> Agency name changed from the Health Care Financing Administration (HCFA) in June 2001.

N/A Not Applicable

Notes: Prior to FY 2001, ATSDR's expenditures were included in HHS financial statements but excluded from HHS outlay figures because they were included under the Natural Resources budget function in EPA's outlay figures. Direct appropriations were provided to HHS for ATSDR beginning in FY 2001 and these outlays are now included with CDC's Health budget function.

## Appendix J - Highlights of HHS Budgetary Outlays

### U.S. Department of Health and Human Services

*Fiscal Year Ended September 30, 2001*

*(in thousands)*

HHS Agency	Education, Training, Employment, and Social Services	Health	Medicare	Income Security	Administration of Justice	TOTAL
Centers for Medicare & Medicaid Services	\$ -	\$132,951,604	\$217,430,146	\$ -	\$ -	\$350,381,750
Administration for Children and Families	14,754,583			27,381,962	87,651	42,224,196
National Institutes of Health		17,239,391				17,239,391
Health Resources and Services Administration		5,122,662				5,122,662
Centers for Disease Control and Prevention		3,272,483			27,350	3,299,833
Substance Abuse and Mental Health Svs. Adm.		2,736,945				2,736,945
Indian Health Service		2,552,516				2,552,516
Food and Drug Administration		1,073,294				1,073,294
Administration on Aging	951,781					951,781
Office of the Secretary		567,743				567,743
Program Support Center *		260,097				260,097
Agency for Healthcare Research and Quality		33,460				33,460
<b>HHS Subtotal</b>	<b>\$15,706,364</b>	<b>\$165,810,195</b>	<b>\$217,430,146</b>	<b>\$27,381,962</b>	<b>\$115,001</b>	<b>\$426,443,668</b>

\* Though PSC's services are fee-based and self-sustaining, net outlays shown include \$240,502 for Retirement Pay and Medical Benefits for Commissioned Officers with the remainder attributable to the HHS Service and Supply Fund and miscellaneous trust funds.

Note: The FY 2001 financial statements' supplemental schedules present data under six budget functions, rather than just the five shown here. This is because ATSDR's expenditures are shown under the Natural Resources and Environmental budget function in HHS financial statements.

Source: *Combined Statement of Receipts, Outlays, and Balances of the United States Government, Fiscal Year 2001*. \$102 billion in receipts (proprietary receipts from the public and intrabudgetary transactions) have been distributed to appropriate HHS components based on detailed amounts in the September Monthly Treasury Statement. While the total HHS outlay reported by Treasury includes these receipts, the Statement of Budgetary Resources does not. Therefore, these receipts may be netted against total outlays reported in the Statement of Budgetary Resources to bridge the net outlay figure reported by Treasury.